

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 6179
BILL NUMBER: HB 1264

NOTE PREPARED: Nov 17, 2008
BILL AMENDED:

SUBJECT: Morgan County Innkeeper's Tax.

FIRST AUTHOR: Rep. Foley
FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: ☒ **GENERAL**
☐ **DEDICATED**
☐ **FEDERAL**

IMPACT: State & Local

LOCAL IMPACT	CY 2009	CY 2010	CY 2011
Local Revenues	22,000	93,700	95,900
Local Expenditures			
Net Increase (Decrease)	22,000	93,700	95,900

Summary of Legislation: The bill allows Morgan County to establish a 5% innkeeper's tax to fund parks and recreation projects, including providing matching grants.

Effective Date: July 1, 2009.

Explanation of State Expenditures: *Department of State Revenue (DOR)*- The bill allows Morgan County the option to collect the tax or for DOR to collect and process revenue collections. DOR administers, audits, and collects local taxes at approximately \$0.54 per \$100 of revenue. DOR could process the proposed tax within their existing level of resources.

Auditor of State- If the tax were collected and processed in the same manner as the state sales tax, the Auditor of State would issue the revenue warrants to the Morgan County Treasurer's office.

Explanation of State Revenues:

Explanation of Local Expenditures: If the county were to collect the tax locally, the county treasurer would have additional expenditures.

Explanation of Local Revenues: Summary: It is estimated the tax would generate \$22,900 in CY 2009, \$93,700 in CY 2010, and \$95,900 in CY 2011.

Background on Methodology- The U.S. Census Bureau reported \$1.42 M in hotel room transactions in Morgan County during 2002, which is \$71,000 at 5%. Historical sales tax collections and Indiana Revenue Technical Committee growth forecast rates are used to calculate the estimated revenue of \$91,540 in CY 2009. The 2009 estimate was then adjusted to account for time to implement and collect the tax.

State Agencies Affected: If collected in the same manner as the state sales tax: Department of State Revenue, Auditor of State.

Local Agencies Affected: Morgan County.

Information Sources: U.S. Bureau of Census, Indiana state revenue forecast documents, Darrel Anderson, James Chandler, Department of State Revenue.

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